

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
FAX: (801)530-6980

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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**QORUSOFT, INC.; and  
PETER G. POLSCHAK;**

**Respondents.**

**ORDER TO SHOW CAUSE**

Docket no. SD-05-0058

Docket no. SD-05-0059

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**TO: Qorusoft, Inc.  
11734 S. Election Drive, Ste 290  
Salt Lake City, UT 84020**

**Peter G. Polschak  
31 Wanderwood Way  
Sandy, UT 84092**

It appears to the Director of the Utah Division of Securities (Director) that Qorusoft, Inc., and Peter G. Polschak (collectively Respondents) have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Having reviewed the relevant facts discovered in the course of the Utah Division

of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

### **STATEMENT OF JURISDICTION**

1. Jurisdiction over the Respondents and the subject matter is appropriate in this matter because the Division alleges that the Respondents violated § 61-1-1 (Securities Fraud) and § 61-1-7 (Sale of Unregistered Securities) of the Act while engaged in the offer and sale of securities in Utah.

### **STATEMENT OF FACTS**

#### **THE PARTIES AND ENTITIES**

2. Qorusoft, Inc. (Qorusoft) registered as a Utah corporation in June 2001, and its registration expired in September 2002. Qorusoft's address is listed as 11734 South Election Drive, Salt Lake City, Utah, and its president and registered agent is listed as Peter G. Polschak.
3. Peter G. Polschak's (Polschak) last known address is 31 Wanderwood Way, Sandy, Utah.

#### **GENERAL ALLEGATIONS**

4. Colorado resident Scott Appel (Appel) met Polschak in October or November 2000 when Polschak came into Appel's tractor dealership located in Salt Lake City, Utah. Appel commuted weekly to Salt Lake City from his home in Littleton, Colorado, to run the tractor dealership.

5. Between March and May 2001, Polschak frequented Appel's dealership and befriended Appel. Polschak explained to Appel that Polschak had been laid off from his prior employment with TenFold Corporation (TenFold) due to management and financial problems. Polschak told Appel that he wanted to use the same technology used by TenFold to build a similar company of his own called Qorusoft Incorporated.
6. Polschak explained to Appel that after two banks merge, the new bank needs software capable of combining data from the two former banks into one database. Polschak told Appel that Polschak's software was capable of combining two bank databases, and that the software was compatible with all bank software systems. Polschak told Appel that banks in Europe had already been through the updating process and that US banks were just beginning.
7. Polschak asked Appel to invest in Qorusoft to get it up and running. Polschak told Appel that Polschak would get his principal back in 12 to 18 months plus 10% interest and 10% stock ownership in Qorusoft.
8. Between July 9, 2001 and February 28, 2003, based on representations and omissions from Polschak (listed below in ¶ 13 and ¶ 14), Appel invested a total of \$952,375 in Qorusoft. Appel made a series of sixty-five separate investments with Qorusoft and Polschak, by check, cash, or wire-transfer, and received twenty-eight separate promissory notes from Polschak to evidence those investments.
9. Appel received nothing from his investment in Qorusoft.

## **CAUSES OF ACTION**

### **COUNT I**

#### **Securities Fraud under § 61-1-1 of the Act (Qorusoft, Inc. & Peter G. Polschak)**

10. The Division incorporates and re-alleges paragraphs 1 through 9.

11. Section 61-1-1 of the Act states

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly to: (2) make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

12. In connection with the offer and sale of a security to Appel, Polschak and Qorusoft made the following misrepresentations to Appel:

- a. Polschak told Appel his \$952,375 would be used for start-up costs, payroll, acquiring employees and project teams, converting software programs and acquiring client banks. Bank accounts for Qorusoft, Polschak and his girlfriend, Lisette Soulier, however, reveal that some of Appel's money was used for personal expenditures;
- b. In Spring 2001, Polschak told Appel that Polschak owned over 1,000 software programs that would be converted to a new format. Polschak did not own over 1,000 software programs and Polschak never converted software;
- c. In summer 2001, Polschak gave Appel a copy of an unsigned letter of intent from Wells Fargo stating that Wells Fargo would fund Polschak's pilot project.

Polschak told Appel that he had the signed original elsewhere. Wells Fargo never signed a letter of intent;

- d. On or about August 26, 2001, Polschak told Appel that Appel's investment would be collateralized by Polschak's shares in Qorusoft and Polschak's home. Appel never received documentation or evidence from Polschak indicating that Appel's investment was collateralized; and
  - e. On or about August 26, 2001, Polschak told Appel that Qorusoft would be worth \$140 million in 18 to 24 months and Appel would be paid back in 12 to 18 months. Appel has not received any portion of his investment back.
13. In connection with the offer and sale of a security to Appel, Polschak and Qorusoft failed to disclose material information, including, but not limited to, the following:
- a. Polschak's civil history, which includes judgments totaling approximately \$73,000;
  - b. The risk factors associated with the investment;
  - c. Whether anyone related to the investment was licensed in securities;
  - d. Whether the investment was registered or exempt from registration; and
  - e. Whether commissions or compensation would be paid.
14. Respondents Qorusoft and Polschak violated § 61-1-1(2) of the Act by making the above mentioned misrepresentations and failing to disclose the above mentioned material information to Appel prior to his investing in Qorusoft.

**COUNT II**  
**Sale of Unregistered Securities under § 61-1-7 of the Act**  
**(Qorusoft, Inc. & Peter G. Polschak)**

15. The Division incorporates and re-alleges paragraphs 1 through 14.

16. Section 61-1-7 of the Act states

It is unlawful for any person to offer or sell any security in this state unless it is registered under this chapter, the security or transaction is exempted under Section 61-1-14, or the security is a federal covered security for which a notice filing has been made pursuant to the provisions of Section 61-1-15.5.

17. The securities offered and sold by Polchak and Qorusoft are not registered with the Division, not federal covered securities for which a notice filing has been made, nor do they appear to qualify for an exemption under § 61-1-14 of the Act.

18. Polschak and Qorusoft therefore violated § 61-1-7 of the Act by selling unregistered securities in Utah.

**COUNT III**  
**Sale by an Unlicensed Agent under § 61-1-3**  
**(Peter G. Polschak)**

19. The Division incorporates and re-alleges paragraphs 1 through 18.

20. Section 61-1-3(1) of the Act states:

It is unlawful for any person to transact business in this state as a broker-dealer or agent unless the person is licensed under this chapter.

21. Section 61-1-13(2) of the Act defines an “Agent” as:

[A]ny individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

22. Despite being unlicensed, Polschak transacted business in this state as an agent of Qorusoft in violation of § 61-1-3.

**COUNT IV**  
**Employing an Unlicensed Agent under § 61-1-3**  
**(Qorusoft, Inc.)**

23. The Division incorporates and re-alleges paragraphs 1 through 22.
24. Section 61-1-3(2)(a) of the Act states:

It is unlawful for any broker-dealer or issuer to employ or engage an agent unless the agent is licensed.


25. Qorusoft employed Polschak, an unlicensed agent, to offer and sell its securities in violation of § 61-1-3 of the Act.

**ORDER**

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur at a date, time and place agreed upon by the parties after an answer has been filed. If Respondents fail to file an answer and appear at the hearing, an order to cease and desist may be issued and a fine imposed by default against Respondents, as provided by Utah Code Ann. §63-46b-11. At the hearing, Respondents may show cause, if any they have:


- a. Why Respondents should not be found to have engaged in the violations alleged by the Division;
- b. Why Respondents should not be barred from obtaining a securities license in the future under the provisions of Utah Code Ann. § 61-1-6;
- c. Why Respondents should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. §§ 61-1-1, 61-1-7, or any other section of the Act; and
- d. Why Respondents should not be ordered to pay a fine, jointly and severally, of fifty-thousand dollars (\$50,000) to the Division.

DATED this 21st day of SEPTEMBER 2005.

  
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DAVID PREECE  
Director, Utah Division of Securities



Approved:

  
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JEFFREY BUCKNER  
Assistant Attorney General



Division of Securities  
Utah Department of Commerce  
160 East 300 South  
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**IN THE MATTER OF:**

**QORUSOFT, INC.; and  
PETER G. POLSCHAK;**

**Respondents.**

**NOTICE OF AGENCY ACTION**

Docket no. SD-05-0058  
Docket no. SD-05-0059

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**THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:**

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the date of this notice, you are required to file a written response with the Division. The response you file may be helpful in clarifying, refining or narrowing the facts and violations alleged in the Order to Show Cause. After your response is filed, a hearing will be set and a date and time agreed upon by the parties.

If you fail to file a written response, as set forth herein, or fail to appear at the hearing, the Division of Securities will hold you in default, and a fine will be imposed against you in accordance with Utah Code Ann. §64-46b-11, without the necessity of providing you with any further notice.

The presiding officer in this case is David Preece, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600. The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648.

At such hearing, the Division will be represented by the Utah Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City, UT 84114-0872, telephone (801) 366-0310. At the hearing, you may appear and be heard and present evidence on your behalf.

You may attempt to negotiate a settlement of the matter without filing an answer or proceeding to a hearing. Should you so desire, please contact the Utah Attorney General's Office. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to Jeff Buckner, Assistant Attorney General, 160 E. 300 South, P.O. Box 140872, Salt Lake City, UT 84114-0872, telephone (801) 366-0310.

**DATED** this 21<sup>ST</sup> day of SEPTEMBER, 2005.



DAVID PREECE  
Director, Division of Securities  
Utah Department of Commerce



**Certificate of Mailing**

I certify that on the 29th day of SEPTEMBER, 2005, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Qorusoft, Inc.  
11734 S. Election Drive, Ste 290  
Salt Lake City, UT 84020

Certified Mail # 7005 1160 0003 7034 0302

Peter G. Polschak  
31 Wanderwood Way  
Sandy, UT 84092

Certified Mail # 7005 1160 0003 7034 0319

Peter G. Polschak  
2924 SE 6<sup>th</sup> Ave,  
Cape Coral, FL 33904-3501

Certified Mail # 7005 1160 0003 7034 0326

PAMALA RABZINSKI  
Executive Secretary